

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 06546 261501Z

51

ACTION EB-11

INFO OCT-01 NEA-14 ISO-00 AID-20 CIAE-00 COME-00 FRB-03

INR-11 NSAE-00 RSC-01 XMB-07 OPIC-12 SP-03 CIEP-03

LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08 CEA-02 AGR-20

SWF-02 L-03 H-03 DRC-01 /160 W
----- 060200

R 261400Z AUG 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8591

INFO :DEPT OF TREAS WASHDC

C O N F I D E N T I A L CAIRO 6546

E.O. 11652: GDS

TAGS: EFIN EG

SUBJECT: EGYPTIAN ARREARAGES

REF: CAIRO 6442; STATE 170871

1. I SAW MIN OF FINANCE ABD AL-FATAH IBHAHIM AT ROMANIAN NATIONAL DAY RECEPTION AUG 24. HE HAD JUST RETURNED FROM PROTRACTED STAY IN ALEXANDRIA AND EXPECTS TO GO BACK THERE TOMORROW, PROBABLY UNTIL THE END OF AUGUST.

2. IN BRIEF TALK WITH HIM, ABD AL-FATAH INDICATED HE HAD BEEN SENT A COPY OF MY LETTER OF AUG 20 (CAIRO REFTEL) RE DOLLAR AND EGYPTIAN POUND ARREARAGES. HE PROFESSED TO BE PUZZLED ABOUT THE DOLLAR ARREARAGES. HE HAD BEEN TOLD BY HIS OWN MINFINANCE PEOPLE AND BY ZENDU THAT THERE ARE NO DOLLAR ARREARAGES. I RECALLED AN EARLIER CONVERSATION WE HAD HAD ABOUT TWO MONTHS AGO IN WHICH WE HAD DISCUSSED THE PERSISTENT FAILURE OF APPROPRIATE MINFINANCE OFFICIALS TO ARRANGE THAT PAYMENTS BE MADE ON DUE DATES. HE HAD SAID AT THE TIME THAT HE WAS AWARE OF THIS AND WAS ANXIOUS TO CORRECT SITUATION. THE DOLLAR ARREARAGES,
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 06546 261501Z

I NOTED, ARE LARGELY RESULT OF INTEREST CHARGES ON

CHRONICALLY LATE PAYMENTS. ALSO TOLD HIM I WOULD TRY TO GIVE HIM A DETAILED ACCOUNTING OF THE DOLLAR ARREARAGES.

3. COMMENT AND ACTION REQUESTED: ALTHOUGH ABD AL-FATAH DID NOT SAY SO, WE KNOW THAT BOTH MINFINANCE

OFFICIALS AND ZENDU'S OFFICE TAKE THE POSITION THAT 10 OR 20 DAYS LATER PAYMENT SHOULD NOT BE PENALIZED BY ADDITIONAL INTEREST CHARGES. SINCE NEITHER MINFINANCE NOR CENTRAL BANK CLAIM TO HAVE RECORDS OF ANY SUCH ADDITIONAL PENALTY INTEREST CHARGES, IT IS ESSENTIAL THAT WE PROVIDE THE MINISTER WITH THE REQUESTED DETAILED ACCOUNTING IF WE ARE TO COME TO GRIPS WITH THIS PROBLEM. WE ALSO NEED A BETTER WAY OF BILLING THE GOE ON SUCH RECURRENT CHARGES. UNDERSTAND WE PRESENTLY PROVIDE EGYPTIAN EMBASSY IN WASHINHTON WITH SUCH BILLS TWO MONTHS IN ADVANCE, BUT THIS SYSTEM IS CLEARLY NOT WORKING LARGELY BECAUSE, IN OUR VIEW, THERE IS NO FOLLOW-UP. RECOMMEND INSTEAD THAT SUCH BILLS BE SENT TO CAIRO FOR TRANSMISSION. IF THEY ARE IN FACT SENT OUT TWO MONTHS IN ADVANCE, THIS SHOULD ENABLE US TO ENSURE THAT THEY ARE SUBMITTED TO MINFINANCE IN PLENTY OF TIME TO AT LEAST TRY TO FOLLOW UP TO SEE THAT PAYMENT IS MADE ON DUE DATE. WITH EGYPTIAN BUREAUCRACY, THERE IS NO GUARANTEE THAT THIS WILL TAKE PLACE. HOWEVER, IT IS WORTH A TRY. END COMMENT.

4. I ALSO ASKED ABD AL-FATAH IF GOE HAD GIVEN ANY MORE THOUGHT TO PAYMENT OF EGYPTIAN POUND ARREARAGES AS SUGGESTED BY UNDER SEC BENNETT SO THAT IT IS NO LONGER IN AN "IN DEFAULT" STATUS. ABD AL-FATAH SAID HEGAZI HAD BRIEFLY DISCUSSED MATTER WITH HIM IMMEDIATELY AFTER SECY SIMON'S VISIT, BUT THERE HAD BEEN NO DECISION

AND NO FURTHER PERTINENT TALKS. WITHOUT SPECIFICALLY

STATING SO, HE MADE IT CLEAR THAT HEGAZI CONTINUES TO BE TEPID ON THE IDEA.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 06546 261501Z

5. COMMENT: HEGAZI CLAIMED EARLIER THAT HIS PRIMARY CONCERN ABOUT SUCH AS EGYPTIAN POUND TRANSFER IS ITS POSSIBLE INFLATIONARY EFFECT. UNDER THE PROCEDURES WE OUTLINED TO HIM, THIS HARDLY SEEMS WARRANTED. SUSPECT A MORE COMPELLING CONCERN IS PRECEDENT WHICH SUCH PAYMENT, HOWEVERNOMINAL IT MAY BE, MAY CREATE WITH HIS OTHER

CREDITORS AND POSSIBLE CRITICISM THAT HE HAS
PAID OUTSTANDING USG OBLIGATIONS WITHOUT YET HAVING
RECEIVED ANY CONCRETE US ASSISTANCE. SOME MONTHS AGO,
HEGAZI MADE A PUBLIC STATEMENT THAT GOE'S DECISION
RE ITS OUTSTANDING DEBTS WOULD DEPEND IN LARGE PART
UPON THE WILLINGNESS OF ITS CREDITOR NATION TANGIBLY
TO ASSIST EGYPT IN THE ECONOMIC SPHERE. I WILL RAISE
THE MATTER WITH HEGAZI
AGAIN WHEN I NEXT
SEE HIM.EILTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480, GOVERNMENT DEBTS, DEBT REPAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CAIRO06546
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740235-0706
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740819/aaaaapss.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: CAIRO 6442; STATE 170871
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by kelleyw0>; APPROVED <05 MAR 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EGYPTIAN ARREARAGES
TAGS: EFIN, EG, US, (ABD AL-FATAH, IBRAHIM)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005